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Former DOD Employee Pleads Guilty to Corruption Charges While Working at U.S. Army Headquarters Europe

WASHINGTON – Steven Merkes, a former Department of Defense (DOD) employee, pleaded guilty to accepting illegal gratuities while serving as an operational support planner in the Future Operations Division of the U.S. Army Headquarters, Special Operations Command–Europe (HQSOCEUR), Assistant Attorney General Alice S. Fisher of the Criminal Division announced today.

According to plea documents filed in federal court, Merkes served in the U.S. Air Force until January 2005, when he left active duty and began work as a DOD civilian employee. In both the Air Force and in his civilian DOD employment, Merkes served as a logistical planner for the HQSOCEUR in Stuttgart, Germany. In both positions, Merkes' official duties consisted of planning military exercises for U.S. Special Operations forces in the European theater of operations.

In April 2005, Merkes took official acts to benefit Philip Bloom, a U.S. citizen who operated and controlled construction and service companies in Romania and Iraq that did business with the U.S. government. Shortly thereafter, Merkes accepted a job offer and \$24,000 from Bloom, knowing that the job and the money were for official acts he had agreed to perform for Bloom.

Merkes pleaded guilty to accepting illegal gratuities which carries a maximum penalty of two years in prison and a fine of \$250,000. Sentencing has been set for June 1, 2007.

On March 10, 2006, Bloom, pleaded guilty to unrelated charges of conspiracy, bribery and money laundering. Bloom was sentenced earlier today to 46 months in prison.

This case is being prosecuted by trial attorneys James A. Crowell IV and John P. Pearson of the Public Integrity Section, headed by Acting Section Chief Edward C. Nucci, and trial attorney Patrick Murphy of the Asset Forfeiture and Money Laundering Section, headed by Section Chief Richard Weber, of the Criminal Division.

These cases are being investigated by the Special Inspector General for Iraq Reconstruction, the Internal Revenue Service (IRS) Criminal Investigation, the U.S. Immigration and Customs Enforcement at the Department of Homeland Security (ICE), U.S. Army Criminal Investigation Division, the U.S. Department of State Office of Inspector General, and the FBI Washington Field Office in support of the Justice Department's National Procurement Fraud Task Force and the International Contract Corruption Initiative. The investigation has received substantial assistance from the ICE Cybercrimes Division.

The National Procurement Fraud Initiative was announced by Deputy Attorney General Paul J. McNulty in October 2006, and is designed to promote the early detection, identification, prevention and prosecution of procurement fraud associated with the increase in contracting activity for national security and other government programs. As part of this initiative, the Deputy Attorney General has created the National

Procurement Fraud Task Force, which is chaired by Assistant Attorney General Fisher.

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